

## **EXHIBIT 3**

**Filed Under Seal**

**From:** Bailey, Bill </O=TYSON/OU=TYSONET/CN=RECIPIENTS/CN=DCOPWRB>  
**To:** Billups, Steve  
**Sent:** 7/25/2017 11:41:20 AM  
**Subject:** FW: At risk DC volume's on Case Ready Pork items

Pretty big poker game going on. I thought you should know.

*Make it a great day*

*Bill Bailey*

**From:** Nichol, Jason  
**Sent:** Monday, July 24, 2017 7:10 PM  
**To:** Miller, Shane <shane.miller@tyson.com>  
**Cc:** McGaugh, Ray <ray.mcgaugh@tyson.com>; Rouse, Scott <Scott.Rouse@tyson.com>; McKeone, John <John.Mckeone@tyson.com>; Robertson, Jason <Jason.Robertson@tyson.com>; Duff, Lee <Lee.Duff@tyson.com>; Widmer, Jim <jim.widmer@tyson.com>; Bailey, Bill <Bill.Bailey@tyson.com>; Stouffer, Steve <Steve.Stouffer@tyson.com>; Krehbiel, Jay <jay.krehbiel@tyson.com>; Uber, Tim <Tim.Uber@tyson.com>; Doering, Vincent <vincent.doering@tyson.com>  
**Subject:** Re: At risk DC volume's on Case Ready Pork items

Shane,

Thanks for the additional color on the business. I agree we had a great discussion and go forward plan.

As we discussed on the call, we will be meeting with David Baskin, VP of Meat and Seafood this week as well. He wants to understand where we are coming from on the .16 to .20 overage for the sortation. With the increases for case ready included we are looking at .25 per lb increase. Even though we have kept the discussion separate, the timing of the program puts them in a position to look at it the CR and FM's costs together. At the end of the day they will look at cost, freight, service, quality, and partnership. I do not believe they want to move volume to Smithfield but will if our cost is significantly different.

We can also take this to SVP, Scott Neal, but David is the decision maker. David is a true partner and understands what we bring across all proteins. Thomas is the "master negotiator." We will leverage our partnership and all we bring to keep our distribution and get as much for it as possible.

Thank you for working with us to solve this.

Jason

On Jul 24, 2017, at 5:49 PM, Miller, Shane <[shane.miller@tyson.com](mailto:shane.miller@tyson.com)> wrote:

We had a very good discussion earlier today and Jay is putting together the rest of the info requested regarding CO2 conversion timeline, costs, and overall processes we plan to put in place for WM. But I have been thinking since our talk about all the touch points that this decision has on our Pork and Case Ready business. This is a huge decision for the overall Pork business and I will explain further below:

First of all, our plants are designed for CR combo flow to service WM as part of the overall supply chain in the most efficient manner. We really don't have the vacuum capacity to cryovac all this loin meat if they would pull DC's from us. This is because over time, we have adjusted many process flows to accommodate our CR business growth with WM and didn't grow the vacuum business as a result. So, if WM cuts our volume back substantially (even after we show the lower overages we discussed today), this could really cripple our plants ability to operate, (especially this fall/winter) as we work through record hog numbers. Secondly, we also don't have the

time to go replace that volume unless CR can replace with other pork business in combos? Finally, it is imperative that we have some open dialogue with WM. For us to be the incumbent and the one they have come to over time as their business partner to look at various process changes, new products, beef premium program, etc... I find it very disconcerting that the success/failure of this comes down to Thomas or Tony just saying yay or nay and no open communication with their supplier. I know Tom Hayes brought up in our QBR Friday if we need to elevate this opportunity then we should do so.

I don't want to come out of this saying "I wish we would have done more or pulled out all the stops" because this will have a huge impact good or bad on the pork business going forward. I will also say that our decision to move forward on CO2 stunning in our other plants will be influenced by their decision on this as part of the payback is driven on more premium product going to WM. So if we also need to re-think some of our CR cost increases, this may be the time to re-evaluate those too. Between both sides of the business we need to concede to a level that makes economic sense. But we all need to understand the long-term ramifications to the business and I thought adding some additional color would help. If there is any confusion, let me or Jay know in the morning.

**From:** McGaugh, Ray  
**Sent:** Friday, July 21, 2017 1:17 PM  
**To:** Rouse, Scott <[Scott.Rouse@tyson.com](mailto:Scott.Rouse@tyson.com)>  
**Cc:** Stouffer, Steve <[Steve.Stouffer@tyson.com](mailto:Steve.Stouffer@tyson.com)>; Miller, Shane <[shane.miller@tyson.com](mailto:shane.miller@tyson.com)>; Krehbiel, Jay <[jay.krehbiel@tyson.com](mailto:jay.krehbiel@tyson.com)>; Robertson, Jason <[Jason.Robertson@tyson.com](mailto:Jason.Robertson@tyson.com)>; Uber, Tim <[Tim.Uber@tyson.com](mailto:Tim.Uber@tyson.com)>; Nichol, Jason <[Jason.Nichol@tyson.com](mailto:Jason.Nichol@tyson.com)>; Doering, Vincent <[vincent.doering@tyson.com](mailto:vincent.doering@tyson.com)>; Widmer, Jim <[jim.widmer@tyson.com](mailto:jim.widmer@tyson.com)>; Duff, Lee <[Lee.Duff@tyson.com](mailto:Lee.Duff@tyson.com)>  
**Subject:** Re: At risk DC volume's on Case Ready Pork items

Yep. Shane and I just had that conversation. We will have a call on Monday to set the direction. Thanks.

Sent from my iPhone

On Jul 21, 2017, at 2:13 PM, Rouse, Scott <[Scott.Rouse@tyson.com](mailto:Scott.Rouse@tyson.com)> wrote:

I'd find the balance - \$.10 is to low - \$.16-.20 is to high. I'd work in the \$.12-15 range and Walmart needs to understand that if they take pork pounds away - the o/h on beef will go up - they come from the same plant.

Scott

**From:** Stouffer, Steve  
**Sent:** Friday, July 21, 2017 12:04 PM  
**To:** McGaugh, Ray <[ray.mcgaugh@tyson.com](mailto:ray.mcgaugh@tyson.com)>; Miller, Shane <[shane.miller@tyson.com](mailto:shane.miller@tyson.com)>; Krehbiel, Jay <[jay.krehbiel@tyson.com](mailto:jay.krehbiel@tyson.com)>; Robertson, Jason <[Jason.Robertson@tyson.com](mailto:Jason.Robertson@tyson.com)>; Uber, Tim <[Tim.Uber@tyson.com](mailto:Tim.Uber@tyson.com)>; Nichol, Jason <[Jason.Nichol@tyson.com](mailto:Jason.Nichol@tyson.com)>; Doering, Vincent <[vincent.doering@tyson.com](mailto:vincent.doering@tyson.com)>; Widmer, Jim <[jim.widmer@tyson.com](mailto:jim.widmer@tyson.com)>; Duff, Lee <[Lee.Duff@tyson.com](mailto:Lee.Duff@tyson.com)>  
**Cc:** Rouse, Scott <[Scott.Rouse@tyson.com](mailto:Scott.Rouse@tyson.com)>  
**Subject:** RE: At risk DC volume's on Case Ready Pork items

You guys need to tell us the best alternative solutions and consequences. This business has always been a game of alternatives so if we go for the highest return on the component what do we stand to gain or lose on the VA side both in pork as well as possible in other protein CR business? Once we understand the risks and rewards we make the call for the total enterprise. What do you all recommend?

**From:** McGaugh, Ray  
**Sent:** Friday, July 21, 2017 11:52 AM  
**To:** Miller, Shane <[shane.miller@tyson.com](mailto:shane.miller@tyson.com)>  
**Cc:** Krehbiel, Jay <[jay.krehbiel@tyson.com](mailto:jay.krehbiel@tyson.com)>; Robertson, Jason <[Jason.Robertson@tyson.com](mailto:Jason.Robertson@tyson.com)>; Uber, Tim <[Tim.Uber@tyson.com](mailto:Tim.Uber@tyson.com)>; Nichol, Jason <[Jason.Nichol@tyson.com](mailto:Jason.Nichol@tyson.com)>; Doering, Vincent <[vincent.doering@tyson.com](mailto:vincent.doering@tyson.com)>; Widmer, Jim <[jim.widmer@tyson.com](mailto:jim.widmer@tyson.com)>; Duff, Lee <[Lee.Duff@tyson.com](mailto:Lee.Duff@tyson.com)>;

Stouffer, Steve <Steve.Stouffer@tyson.com>; Rouse, Scott <Scott.Rouse@tyson.com>

**Subject:** Re: At risk DC volume's on Case Ready Pork items

Shane I get it. Tough situation. As we know WM has the leverage of taking business when they so desire. I fully understand all that you have stated from the FM's cost to sort perspective.

They want non pumped pork. Additional cost. They want graded, marbeled and pH selection. Additional cost.

CR has not ask for or taken a price increase in over 5 yrs., so we are seeing Our margins and ROS decline.

They want it all with minimal cost and the math for us doesn't work.

I believe we should consider a higher level intervention to assist. Not referring to God but just a notch down. Stouffer and Rouse perhaps should weigh in on this with their thoughts and comments.

Sent from my iPhone

On Jul 21, 2017, at 12:29 PM, Miller, Shane <shane.miller@tyson.com> wrote:

Our costs are going up just as much as CR's so getting the overall costs down will be difficult, since we are in effect having to place those people on the line to sort for color and Marbling for WM all day long. We don't have those individuals in the plants today in those roles. That is a cost that WM is putting on the system. Secondly, we are not asking for cost of labor increase either, I am eating that. As you know hourly labor costs are going higher on top of this and we haven't raised our CTP for existing product to WM. The only thought I had is if we become more efficient with this and can realign our mix in our plants over time, we could potentially have some cost savings.

Jay and I are going through and looking at what we can do to reduce past our last offer we sent May 16th of \$.16 and \$.20 for BI and Boneless accordingly. With that being said, we are shooting to get to Lee's initial thoughts of \$.12 and \$.16, if so, we would pass on over \$4M back to WM.

IF this is a deal where we have no other option but to go to \$10/\$10 we will be under water on all Bone-In product and will have minimal profits on boneless, plus cannibalizing all of our other premium boneless programs such as Japanese exports, CR Prime, CR, and other attribute programs we have. Also keep in mind we built on the Waterloo pump room specifically to help our CR needs for WM last year, I haven't even factored in what that loss is going to be there. We will have that asset under-utilized as they have switched to dry vs enhanced. At the end of the day, we need to truly understand the end to end losses and determine how best to proceed.

Do we have a call between us scheduled for Monday? We need to talk through all options...

**From:** McGaugh, Ray

**Sent:** Friday, July 21, 2017 10:35 AM

**To:** Miller, Shane <shane.miller@tyson.com>

**Cc:** Miller, Shane <shane.miller@tyson.com>; Krehbiel, Jay <jay.krehbiel@tyson.com>; Neff, Todd <Todd.Neff@tyson.com>; Robertson, Jason <Jason.Robertson@tyson.com>; Uber, Tim <Tim.Uber@tyson.com>; Nichol, Jason <Jason.Nichol@tyson.com>; Doering, Vincent <vincent.doering@tyson.com>; Widmer, Jim <jim.widmer@tyson.com>; Duff, Lee <Lee.Duff@tyson.com>; Stouffer, Steve <Steve.Stouffer@tyson.com>

**Subject:** Re: At risk DC volume's on Case Ready Pork items

Shane what can we do to decrease premium and get that sorting cost down? Timing on this is not favorable especially when we are asking them for a labor cost increase i am sure has got them all wound up. However that being said we have to determine the overall financial impact to FM's and potential loss of volume to our CR division.

Next steps?

Sent from my iPhone

On Jul 21, 2017, at 11:14 AM, Duff, Lee <[Lee.Duff@tyson.com](mailto:Lee.Duff@tyson.com)> wrote:

.12 to .15 is where I felt the high end of competitive quotes would be based on similar programs. Competition may have settled at .10 in an effort to leverage vertical integration and to fill plants that are currently not at capacity. It would not surprise me. The meat is available. For many packers, selling Walmart more CR pork is the #1 goal in life. Nothing else comes close.

Could we consider:

- + .10/lb contingent upon retaining current distribution.
- + .16/lb and +.19/lb if we lose any distribution

Lee

**From:** Miller, Shane

**Sent:** Friday, July 21, 2017 9:39 AM

**To:** Duff, Lee <[Lee.Duff@tyson.com](mailto:Lee.Duff@tyson.com)>

**Cc:** Krehbiel, Jay <[jay.krehbiel@tyson.com](mailto:jay.krehbiel@tyson.com)>; Neff, Todd <[Todd.Neff@tyson.com](mailto:Todd.Neff@tyson.com)>; McGaugh, Ray <[ray.mcgaugh@tyson.com](mailto:ray.mcgaugh@tyson.com)>; Robertson, Jason <[Jason.Robertson@tyson.com](mailto:Jason.Robertson@tyson.com)>; Uber, Tim <[Tim.Uber@tyson.com](mailto:Tim.Uber@tyson.com)>; Nichol, Jason <[Jason.Nichol@tyson.com](mailto:Jason.Nichol@tyson.com)>; Doering, Vincent <[vincent.doering@tyson.com](mailto:vincent.doering@tyson.com)>; Widmer, Jim <[jim.widmer@tyson.com](mailto:jim.widmer@tyson.com)>

**Subject:** Re: At risk DC volume's on Case Ready Pork items

I am confused I thought he was asking for an overage of \$.12 on bone in loins and \$.16 on boneless? Now you are saying he wants this overage at \$.10? Maybe I am misunderstanding the ask....

Sent from my iPhone

On Jul 21, 2017, at 9:32 AM, Duff, Lee <[Lee.Duff@tyson.com](mailto:Lee.Duff@tyson.com)> wrote:

Team,

Good morning. We've shown and discussed the .16 and .19 overages with Walmart, and they've provided direct feedback that we will lose business. In my discussion with Thomas Bolinger yesterday evening, he called to let me know we are losing DC's based on our collective cost structure, and I expect it to be in the 3-5 DC range. Predicting exactly how many DC's we will lose is difficult, and he wouldn't state how many. We'll find out in a couple of weeks along with the timing of the last PO's to those DC's we are losing.

Our case ready cost structure in pork is higher than our competition today, and we are pushing through a .0452/lb labor increase, which will increase the gap, and we are asking for an additional \$41,036/week to cover fixed overhead, or \$2.1M annually in pork. The grading overages of .16 and .19 widen the gap, and they can't justify a price gap that is now around .10/lb or more, higher than our competition.

The 5 Tyson DC's in the attached are the ones we will likely lose, and the volume by product group is attached. The average across these 5 DC's is 7.5M pounds / DC / year.

I requested the opportunity to have a final internal conversation and respond to them by Wednesday, July 26<sup>th</sup> with any revisions and he agreed.

To retain all of our current business and get the .0452/lb labor passed through, we will need to be competitive on the overage - .10/lb.

I'll send a meeting invite for Monday morning as an opportunity to discuss next steps.

Lee

**From:** Krehbiel, Jay  
**Sent:** Monday, July 17, 2017 1:54 PM  
**To:** Duff, Lee <Lee.Duff@tyson.com>; Neff, Todd <Todd.Neff@tyson.com>; Miller, Shane <shane.miller@tyson.com>; McGaugh, Ray <ray.mcgaugh@tyson.com>; Robertson, Jason <Jason.Robertson@tyson.com>; Uber, Tim <Tim.Uber@tyson.com>; Nichol, Jason <Jason.Nichol@tyson.com>  
**Cc:** Doering, Vincent <vincent.doering@tyson.com>; Widmer, Jim <jim.widmer@tyson.com>  
**Subject:** RE: At risk DC volume's on Case Ready Pork items

Agree we need to model scenarios to understand impact to the bottom line but aren't the chances of losing all 36M pounds slim to none? I think it would make sense to look at the impact of your recommended overages vs losing 1 and 2 DC's. Shane is out through tomorrow so we won't be able to discuss this until Wednesday earliest.

**From:** Duff, Lee  
**Sent:** Monday, July 17, 2017 10:01 AM  
**To:** Neff, Todd <Todd.Neff@tyson.com>; Miller, Shane <shane.miller@tyson.com>; McGaugh, Ray <ray.mcgaugh@tyson.com>; Robertson, Jason <Jason.Robertson@tyson.com>; Krehbiel, Jay <jay.krehbiel@tyson.com>; Uber, Tim <Tim.Uber@tyson.com>; Nichol, Jason <Jason.Nichol@tyson.com>  
**Cc:** Doering, Vincent <vincent.doering@tyson.com>; Widmer, Jim <jim.widmer@tyson.com>  
**Subject:** FW: At risk DC volume's on Case Ready Pork items

Ray / Shane,

As we look at this, could we model the following scenarios to better understand the impact on our bottom line:

Retaining our current volume \* .12 grading premium on BI and .15 grading premium on boneless

VS

Worst-case volume loss of 36M pounds and .16 grading premium on BI and .19 grading premium on boneless

Which delivers the most net profit?

Any consideration on overhead should we lose this volume?

Lee

**From:** Duff, Lee  
**Sent:** Monday, July 17, 2017 8:40 AM  
**To:** Miller, Shane <shane.miller@tyson.com>; Krehbiel, Jay <jay.krehbiel@tyson.com>; Tim Uber <Tim.Uber@tyson.com> <Tim.Uber@tyson.com>  
**Cc:** Vincent Doering (vincent.doering@tyson.com) <vincent.doering@tyson.com>; Widmer, Jim <jim.widmer@tyson.com>; Neff, Todd <Todd.Neff@tyson.com>  
**Subject:** FW: At risk DC volume's on Case Ready Pork items

Shane / Jay,

Good morning. Attached are two documents to support the decision on grading overages to meet Walmart's requirements on color and marbling. Based on our most recent conversation with Tony on 7-13, we expect them to

remove the enhancement and implement the grading on shipments beginning in mid-September. The feedback from him is we are out of line, and we will lose business.

I expect we will lose volume, but providing a precise number is difficult. We've identified the DC's we feel are at-risk and the associated shipment volume which is around 7M pounds / DC. I think it will cost us 1-2 DC's (14-15M pounds), but it could range higher given we are pushing hard for a .063/lb labor increase in addition to the grading.

I wanted to provide the group with one more review or conversation to be sure this is where we want to land. When we submit to Tony, I'll let him know we will review as we go, and look for ways to drive cost out. Tony will make a decision with information at hand and move on. He will ask – "is this your best cost"? Next communication will likely be "Your last shipments to these DC's will be on 9-15". There's not a lot of back and forth with Tony. Maybe Baskin or Scott Neal will provide a last opportunity to revise, but I don't expect that to happen. I lost 2 DC's in April of 2012 and was notified by an email from Tony, 10 minutes before a meeting with Schellpeper.

If there's anything more that needs to be kicked around, please let me know. I have to get this to Tony this week as our final go-forward cost.

Lee

**From:** Doering, Vincent  
**Sent:** Tuesday, July 11, 2017 11:34 AM  
**To:** Duff, Lee <[Lee.Duff@tyson.com](mailto:Lee.Duff@tyson.com)>  
**Subject:** At risk DC volume's on Case Ready Pork items

Good afternoon Lee,

Attached is the spreadsheet detailing the volume we have at risk on pork items if it's determined by Walmart we are at a price disadvantage versus our competition.

Details include DC and Product Group volume for the past 12 rolling months (July is using last years volume)

DC's included are:

- Cheyenne, WY
- North Platte, NE
- Wintersville, OH
- Washington Courthouse, OH
- Wintersville, OH

Thank you,  
Vince

<Walmart volume and DC's at risk.xlsx>